

Message Text

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PAGE 01 STATE 153128

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ORIGIN ARA-20

INFO OCT-01 ADP-00 EB-11 AID-20 CIAE-00 COME-00 FRB-02

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OPIC:JGURR (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY TEGUCIGALPA PRIORITY

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E.O. 11652: N/A

TAGS: PINT, HO

SUBJECT: OPIC INVESTMENT GUARANTEE - INTERNATIONAL WOOD
PRODUCTS, INC.

1. INTERNATIONAL WOOD PRODUCTS, INC. OF TAMPA, FLORIDA
HAS APPLIED TO OPIC FOR INCONVERTIBILITY, EXPROPRIATION
AND WAR INSURANCE WITH CURRENT COVERAGES OF \$252,000.
AND MAXIMUM COVERAGES OF \$504,000. IN EACH CATEGORY.
THE COMPANY IN HONDURAS IS CALLED INTERNATIONAL WOOD
PRODUCTS S.A. AND IS ASSOCIATED WITH BUFETE DURON OF
TEGUCIGALPA. IT INTENDS TO LOCATE ITS OPERATION AT LAKE
LOJOA IN CORTES DEPARTMENT.

2. THE COMPANY PLANS THE MANUFACTURE OF WOOD PRODUCTS
(TRIM, DOORS JAMBS, AND PARTS FOR LOUVERED AND PLUSH
DOORS) FROM HONDURAN TIMBER FOR DOLLAR-VOLUME EXPORT
OF \$2.5 MILLION ANNUALLY TO U.S. INVESTOR WILL OWN
96 PERCENT OF THE FOREIGN ENTERPRISE. PLANS CALL FOR
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PAGE 02 STATE 153128

SOME 312 HONDURANS TO BE EMPLOYED. PROJECT REPORTEDLY

WILL GENERATE AN ANNUAL FOREIGN EXCHANGE SAVINGS OF DOLS
2,310,000 FOR HONDURAS. INVESTOR CLAIMS 15 PERCENT OF ANNUAL
PROFITS TO GO FOR "SOCIAL" IMPROVEMENTS (HOSPITALS,
SCHOOLS, HOUSING, CHURCHES, ETC.) COMPANY REPORTS
THAT HONDURAS' FORESTRY LAW (DECREE 85, MAR.24, 1972)
WILL NOT APPLY TO ITS PROPOSED PROJECT BECAUSE (1) THE
PROJECT IS NOT 'LARGE SCALE' AND (2) OES NOT DIRECTLY

INVOLVE TIMBERING OPERATIONS (PLAN TO BUY \$1 MILLION
WORTH OF WOOD ANNUALLY FROM LOCAL LUMBER COMPANIES.)

3. DUE TO PREVIOUS PROBLEMS ENCOUNTERED IN LUMBER
INDUSTRY IN HONDURAS, EMBASSY IS REQUESTED TO COMMENT
OR CONCUR ON PROPOSED OPIC GUARANTEE.
ROGERS

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